

Mayor's Infrastructure Finance Committee

Base Line Approach: Validating the Financial Gap

November 20, 2002

Work Group's Charge

“Validate the City's funding needs for maintaining and providing streets and highways, water, wastewater, stormwater and parks over the next 6 years and longer term, and the financing gap that exists in meeting these needs.”

Gap Validation Elements: #1

Geographic Area: What is the intended growth area to be covered by the analysis?

The area should encompass the adopted growth and development policies of the community as expressed in the Comprehensive Plan.

It should also reflect the community's intent to maintain the level of service and quality of life in the existing neighborhoods.

Gap Validation Elements: #2

Capital Improvements -- What are the specific road, water, wastewater, stormwater, and park improvements needed to support urbanization?

This list of improvements needs to be based on the City's growth and development plans and policies expressed in the Comprehensive Plan.

Gap Validation Elements: #3

Improvement Expenses: What is the overall expense associated with the needed capital improvements?

These expenses should be based on realistic cost estimates capital projects identified for the growth areas of the Comprehensive Plan, while ensuring maintenance of the city's existing capital investment.

The expenses should be expressed in constant dollars while reflecting phasing on the program's overall expense picture.

Gap Validation Element: #4

Capital Revenues: What are the expected revenue amounts the community can use for infrastructure construction and maintenance?

The projection of revenues should reflect past trends, while incorporating known and likely funds anticipated during the analysis period.

Revenue estimates should be expressed in constant dollars while accounting for potential revenue expansion resulting from community growth.

Gap Validation Element: #5

Time Horizon: What time period should be used for the validation analysis?

This time horizon should be of sufficient length to respect the longevity and programming requirements of large scale capital investments; but of such a near term length to reflect realistically fiscal and financial projections.

Established programming (i.e., CIP) and planning processes (i.e., master plans) should also be considered.

Gap Validation Elements: #6

Growth Phasing: What is the timing of urban growth and the installation of capital improvements associated with this growth?, what are the areas the community has selected to grow into and when will this occur?

This needs to consider the community's adopted growth and development policies of the Comprehensive Plan, market conditions, community's financial resources, and other variables as deemed appropriate.

Gap Validation Elements

- Geographic Area
- Capital Improvements
- Improvement Costs
- Capital Revenues
- Time Horizon
- Growth Phasing

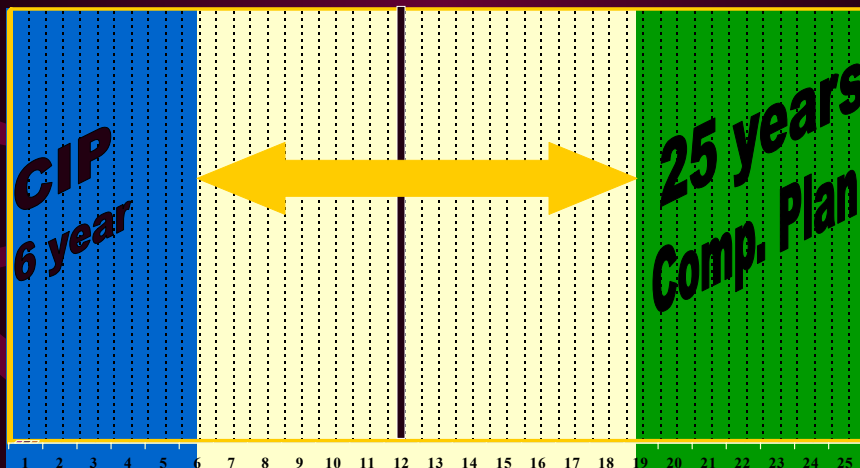
Gap Validation Elements

- **Geographic Area** -- Looking at using the Priority Area A in Tier I of the Comprehensive Plan
- **Capital Improvements** -- Employ the capital facilities shown in the Comprehensive Plan as the beginning point for defining capital improvement needs

Gap Validation Elements

- **Improvement Costs** -- Base costs projections on current estimates from PW&U relative to assumed improvements.
- **Capital Revenues** -- Project capital revenues based on historic trends, anticipated increases, and “sought-after” revenues.

Time Horizon.....



Gap Validation Elements

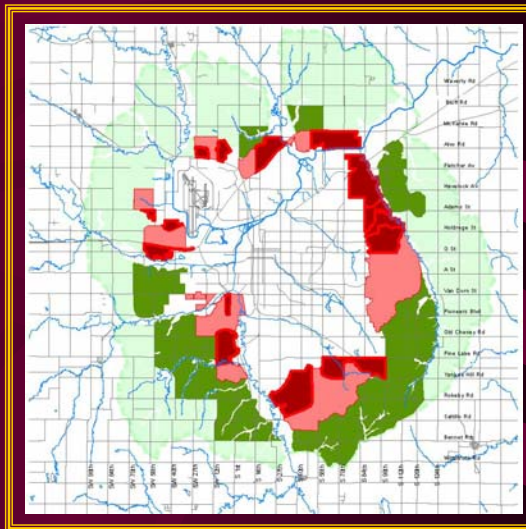
Growth Phasing: Utilize the Comprehensive Plan phasing assumptions as the foundation for the gap analysis.

This should reflect -- on balance -- other validation elements, including delineated geographic areas, time horizon, and overall phasing.

Tier I, Priority Area A area in the City's adopted Comprehensive Plan is assumed that preferred area for analysis.

Priority Area A, Tier I

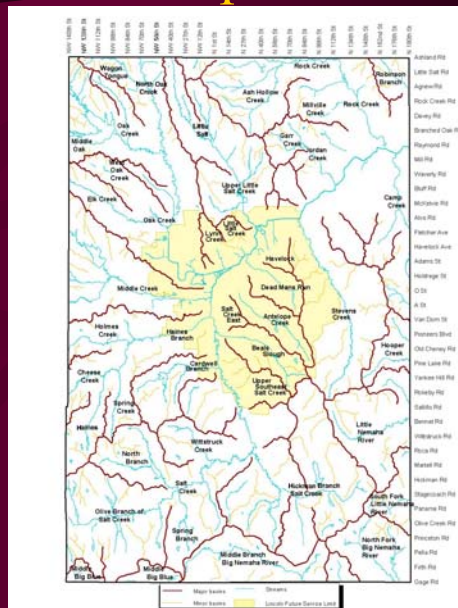
- Projected 12 year growth area.
- Infrastructure available to this growth area within this time period.
- Adds approximately 17 square miles to city limits.
- Supports growth policies of Comprehensive Plan.



What are the Comprehensive Plan policy elements that need to be considered in using Priority Area A of Tier I?

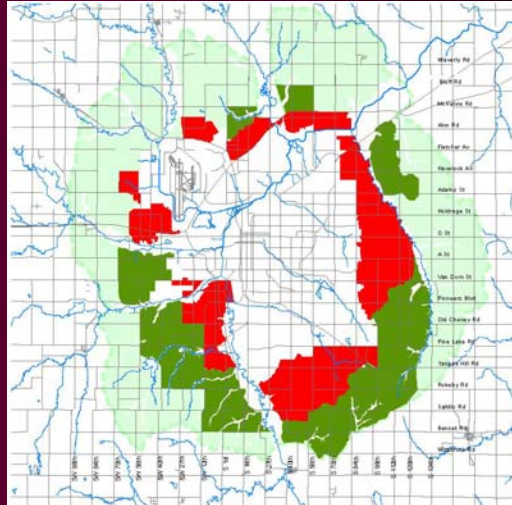
Basin Based Development

- City has historically grown within natural drainage basins.
- Plan provides for a continuation of this policy as the most efficient means of urban expansion.



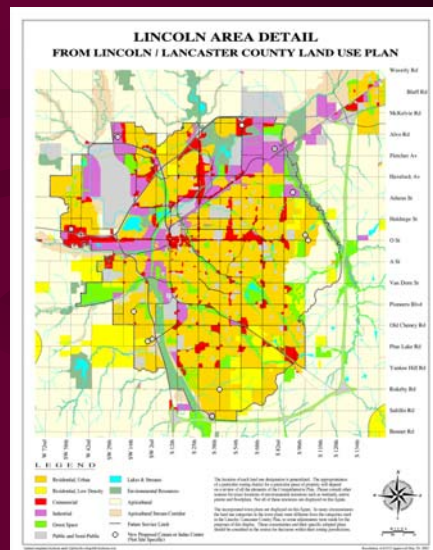
Growth Tiers

- City has delineate 3 growth tiers for use in planning urban expansion.
- Tiers encompass 25 years, 50 years, and beyond.



Contiguous Development

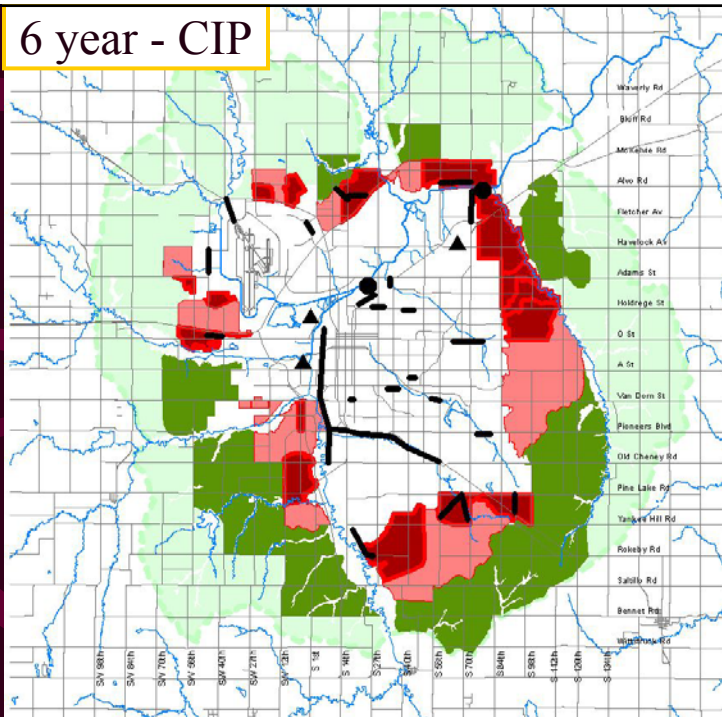
- Urbanization should occur in areas adjacent to the existing city.
- “Leap frog” development should not be allowed.



Other Policy Considerations.....

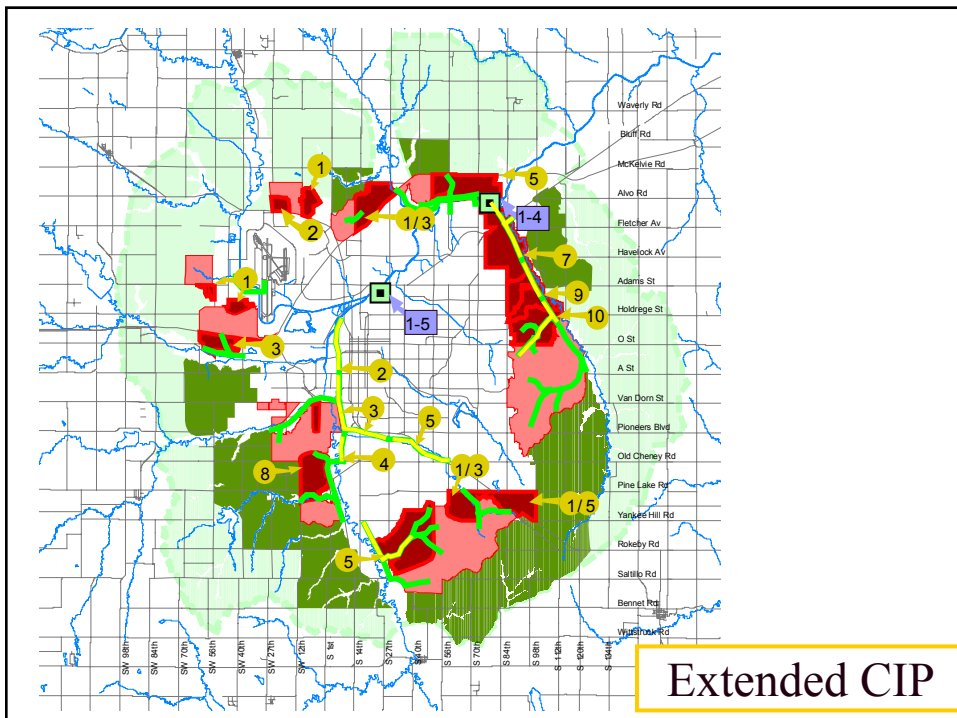
- Adequate Served by Public Facilities
- City-Only Water and Sewer Services
- Gravity Sewer Operation
- Concurrency of Development and Infrastructure
- Maintaining Existing Facilities
- Logical and Timely Extensions

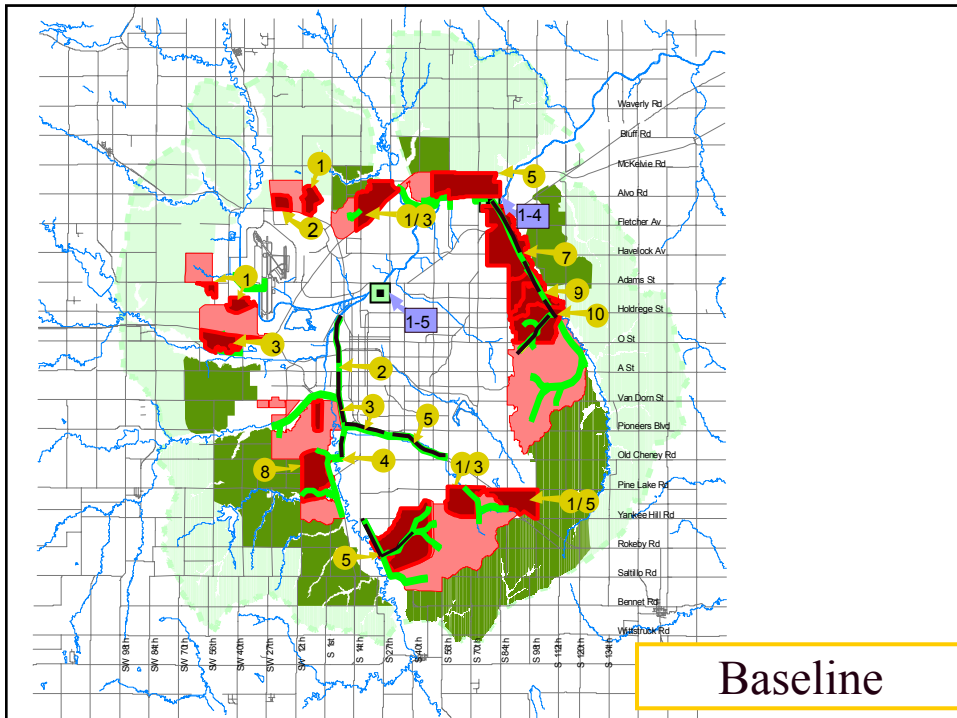
6 year - CIP



“Extended CIP Program”

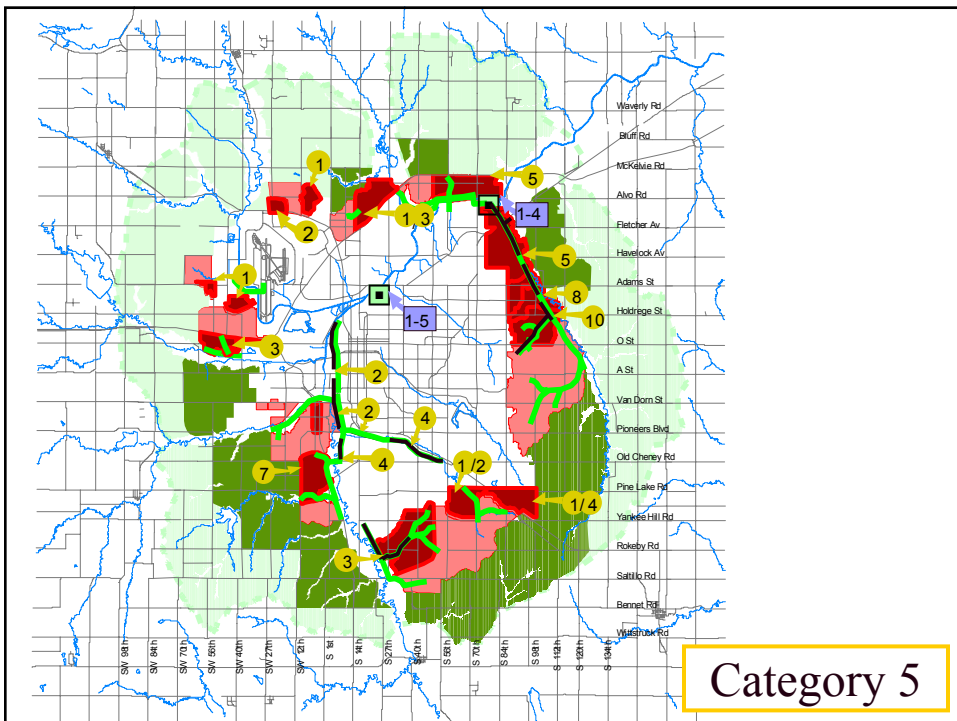
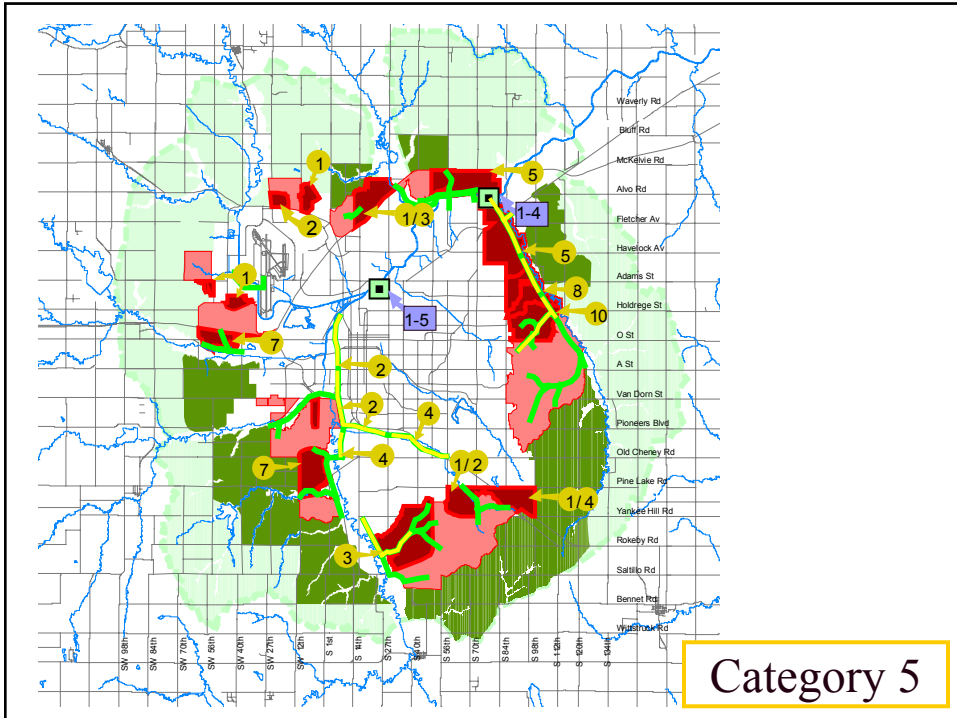
- Based on current Comprehensive Plan
- Adds Stevens Creek facilities
- Implements discharge improvements
- Adds expanded capacity for growth
- More aggressive implementation along Salt Creek and Beals Slough
- Pushes project management & timeline
- Challenges local contractors & suppliers





“Category 5” Program

- More aggressive construction program - need early approval for project initiation.
- “Openings up” sub-basins prior to all downstream improvements being done.
- Alters project management approach.
- Gain second opinion on construction feasibility.
- ROW acquisition timing and costs.
- Public review needed.



Base Line Approach

- Provides a more detailed and time specific foundation for fiscal and facilities planning.
- Affords greater predictability to private sector development process.
- Creates greater number and range of private development opportunities.
- Must have community confirmation!